

**PUBLIC EMPLOYEES' RETIREMENT BOARD**  
**100 N Park**  
**Helena MT 59620**

**Board Legislative Committee Minutes**  
**Tuesday January 9, 2007**  
**1:30 PM**

Committee Members: Robert Griffith, Troy McGee, and John Paull.

Staff: Roxanne Minnehan, Melanie Symons, Scott Miller, Kim Flatow, Kathy Samson, Barbara Quinn, MPERA.

Other Attendees: Terrence Smith, Board member, by phone; Stephen Kologi, AMPRE.

**Public Comment** – *No public comment.*

**Approval of Committee Minutes** from meeting of Wednesday, December 6, 2006.

Troy McGee noticed a typo. John Paull made a motion to approve the minutes with the correction; Troy McGee seconded the motion. Minutes approved.

**Executive Director's Report**

Roxanne Minnehan gave a brief synopsis of the board bills and who is sponsoring them. HB159, the Funding Bill, is sponsored by Representative Carol Lambert and Senator Larry Jent. HB125, the DC Loan Bill, is sponsored by Representative Dave Kasten. Funding for the DC Loan is also included in the HB2. If HB2 passes with that appropriation, we will not need HB125. HB129, the General Revisions Bill, is sponsored by Dave Gallik. The hearing on HB129 is set for Thursday, January 11, 2007- Kim Flatow will attend. The Board currently does not support OBPP Bill HB131 which will decrease the GABA. A concern was noted regarding potential problems with the implementation of the Governor's bill for inactives and new hires. Discussion ensued. Melanie Symons read a portion of HB131, which stated that the people with 3 percent GABA will be grandfathered in. The only people affected by a decrease in GABA to 1.5 percent will be those who have refunded. The bottom line is that Ms. Minnehan, Ms. Symons, Ms. Flatow, and Mr. Miller need to be aware of all the issues as they lobby for our bills and against HB131.

Lobbying to-date: Ms. Minnehan, Ms. Symons, Ms. Flatow, and Mr. Miller have introduced themselves to the House and Senate State Administration Committees. Ms. Flatow and Ms. Symons also attended the Senate State Administration's hearing on rule bills Monday afternoon. Ms. Flatow has spoken to Dave Gallik regarding HB129. The bills have been assigned to the lobbyists for monitoring and testifying. They will be at the Capitol listening to testimony and lobbying.

A discussion followed concerning the HB131 statutory appropriations for the General Fund to pick up the increase in employer contributions for the schools districts. This appropriation has

been included in HB159, worded the same way in the Governor's Bill. However, in HB159, the appropriations will need to be higher. The OBPP Bill calls for a 0.27 percent increase. The Board's bill calls for a 0.56 percent increase to the employer contribution rate for PERS. The OBPP Bill also calls for a reduction of GABA from 3 percent to 1.5 percent. There is no hearing scheduled for the HB131, although it has been assigned to the House Appropriations Committee. Robert Griffith, as chair of the Board Legislative Committee, gave John Paull permission to talk to Jon Sesso about HB131 and the Committee's position.

### **Bill Assignments**

HB131, the Governor's Bill, is initially in the House of Representatives. It has been assigned to the Appropriations Committee.

HB159 has been assigned to the House State Administration Committee. There are at least 10 veterans to this committee.

### **Tracking Reports**

HB 108 – State withholding for pensions, annuities, and other deferred income. There is a hearing on Friday, January 12, 2007. PERB is currently neutral on this bill. It is in the Taxation Committee. MPERA staff will be available to answer questions.

HB125 – Repay loan for startup costs of the defined contribution retirement plan. There is no hearing scheduled. PERB is proposing and supporting this bill. It is in the House Appropriations Committee.

HB129 – Revise retirement laws to conform to federal law and decisions. Hearing for this bill is scheduled for Thursday January 11, 2007. PERB is proposing and supporting this bill. It is in the State Administration Committee. Kim Flatow will be testifying on this bill and offering support to Representative Gallik.

HB131 – Generally revise public employee retirement laws. This is the Governor's bill for reducing the GABA. There is no hearing scheduled yet. PERB opposes this bill. It is in the House Appropriations Committee. Ms. Minnehan and Mr. Miller will be in attendance. It diminishes the current plan and creates disparity among members.

HB159 – Increase employer contribution rates for PERB systems. There is no hearing scheduled. PERB is proposing and supporting this bill. It is in the House State Administration Committee.

SB11 – PERS exemption for legislative session staff (to extend legislative time from 6 months to 10 months) there is no hearing scheduled yet. The PERB is neutral. We are currently preparing a fiscal note. This bill is assigned to the Senate State Administration Committee.

SB33 – Procedures governing social security numbers and computer security breaches. PERB is neutral, but the outcome of this bill will affect MPERA. It is in the Senate Local Government Committee.

SB56 – Retirement fund to pay costs for school employees paid with federal funds. A hearing was scheduled for January 8, 2007. Senate Educational and Cultural Resources is covering this bill. PERB is monitoring.

SB71 – Revise bill sponsor notification for administrative rules. PERB is neutral. A hearing is scheduled for January 12, 2007. It is in the Senate State Administration Committee.

SB72 – Require Senate Confirmation of PERB nominations. PERB is neutral. A hearing is scheduled for January 12, 2007. It is in the Senate State Administration Committee.

### **Committee recommendations**

SB176 – Recovery of expenses for challenging rule adopted in violation of MAPA. Fiscal notes will be large, and there will be lots of challenges to this bill. The recommendation to the Board is to monitor this bill.

### **Un-Introduced Legislation**

All un-introduced legislation is being monitored.

### **Legislative Committee Meetings**

The committees the retirement boards will bill be in front of most often are: (H) State Administration (Dennis Himmelberger, Chair); (H) Appropriations (John Sinrud, Chair); (S) State Administration (Carolyn Squires, Chair); and (S) Finance and Claims (Trudi Schmidt, Chair). The House is controlled by the Republicans, and the Senate is controlled by the Democrats.

Both House and Senate State Administration Committees have the informational green sheets. Table 6 of the Green sheets is Investment Data. The objective relative to actuarial investment assumption was met in FY 2006, but the objective relative to actuarial investment assumption was NOT met in the 5-year period.

### **Other Business**

The Committee discussed the “Guidance for Members Appointed to Boards and Commissions within the Executive Branch of Montana State Government” and the related correspondence between Ms. Minnehan and David Ewer, Budget Director. The Board expressed that the letter from Ms. Minnehan was well-written, factual and to the point. Mr. Ewer’s response was surprising. The Committee does not want to disparage the Governor; however the PERB must

act fiduciarly and responsibly by maintaining their position. This puts staff in an awkward position.

Ms. Minnehan informed the Committee that the newspaper called President Carole Carey requesting a copy of the guidelines.

We have current fiscal notes for HB159 and HB131.

Weekly legislative committee meetings during the session are scheduled for Tuesdays at 1:30 pm. The next meeting is currently scheduled for January 16, 2007 at 1:30 pm.

There being nothing else to come before the committee, Robert Griffith, Chair, adjourned the meeting at 3:00 pm.